

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DUKE ENERGY KENTUCKY,)
INC. FOR APPROVAL TO AMEND ITS TARIFF)
FOR INTERRUPTIBLE MONTHLY BALANCE) CASE NO. 2012-00014
SERVICE)

ORDER

On January 12, 2012, Duke Energy Kentucky, Inc. ("Duke Kentucky") filed a request to amend its current gas tariff to update its Interruptible Monthly Balancing Service ("Rate IMBS"). In addition, Duke Kentucky requests the 30-day notice period required by KRS 278.180(1) be reduced to 20 days. In support of its request for a shortened notice period, Duke Kentucky notes the pricing index used in calculating Rate IMBS is no longer available and the tariff needs to be amended immediately to reflect a new pricing index. Duke Kentucky requests that the proposed tariff be allowed to become effective on January 31, 2012.

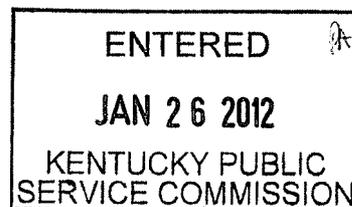
Duke Kentucky has used the *Columbia Gulf Transmission Co., Onshore Louisiana Index* ("Onshore Louisiana Index") for financial settlement since the inception of Rate IMBS. Duke Kentucky has recently discovered that this index was not published for January 2012 and may not be published on a regular basis in the future, leaving it without an indexed price to manage the monthly cash-out for pool operators. Therefore, Duke Kentucky must establish a new index to be referenced in Rate IMBS. As such, Duke Kentucky seeks approval to amend its Rate IMBS to reflect the *Inside F.E.R.C. Natural Gas Market Report, "Prices of Spot Gas Delivered to Pipelines,"*

Columbia Gulf Transmission Co., Mainline Index as the new indexed price. Duke Kentucky states that the proposed index is an industry-recognized and published index price that is transacted upon in the natural gas market and is the closest point both in geographic proximity and in historic pricing to that of the *Onshore Louisiana Index*. Duke Kentucky also submits that good cause exists to shorten the notice period pursuant to KRS 278.180(1) to 20 days so that it can begin cashing out the monthly over- or under-deliveries immediately and before another month passes without a usable pricing index reflected in the Rate IMBS.

Having reviewed Duke Kentucky's submission and being otherwise sufficiently advised, the Commission finds good cause exists to grant the request to reduce the required notice period to 20 days to permit the tariff to become effective February 1, 2012. Duke Kentucky's request to amend its current gas tariff to update its IMBS will be processed as a normal tariff filing.

IT IS THEREFORE ORDERED that Duke Kentucky's request to reduce the notice period from 30 to 20 days for the change to the Rate IMBS index is granted.

By the Commission



ATTEST:


Executive Director

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